

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 89-537-C - ORDER NO. 90-728
JULY 27, 1990

IN RE: Application of SL Systems, Inc. for)	
a Certificate of Public Convenience)	ORDER
and Necessity and Establishment of)	GRANTING
Rates and Charges.)	CERTIFICATION

On March 7, 1990, SL Systems, Inc. (SL) filed an Application with the Public Service Commission of South Carolina (the Commission) requesting a Certificate of Public Convenience and Necessity to provide intrastate automated operator assisted resold telecommunications services. SL is a non-facilities based telecommunications reseller. SL seeks to provide intrastate resale of toll services in the State of South Carolina. SL seeks to provide automated operator-assisted long distance services to the public from facilities provided by institutional customers. The services will be used by callers in hotels and motels, and by the owners of privately owned coin and non-coin operated telephones. The Application was filed pursuant to S.C. Code Ann., §58-9-280, (1976).

On March 23, 1990, the Commission's Executive Director instructed the Company to cause to be published a prepared Notice of Filing once a week for two consecutive weeks in newspapers of general circulation in affected areas. The Notice of Filing

indicated the nature of SL's Application and advised all interested parties desiring to participate in the scheduled proceeding of the manner and time in which to file the appropriate pleadings. SL furnished Affidavits demonstrating that the Notice of Filing had been duly published in accordance with the instructions of the Executive Director.

Thereafter, Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A Public hearing relative to the matters asserted in SL's Application was commenced on June 19, 1990 at 11:00 a.m. in the Commission's Hearing Room, the Honorable Majorie Amos-Frazier presiding. Leo H. Hill, Esquire, and John Wyatt, Esquire, represented SL Systems, Inc.; Carl F. McIntosh, Esquire, represented the Consumer Advocate; Fred A. Walters, Esquire, represented Southern Bell; and H. Clay Carruth, Staff Counsel, represented the Commission Staff.

SL presented Mr. John M. Ernest, Manager, Call Processing to testify in support of its Application. Southern Bell, the Consumer Advocate, and the Commission Staff did not present witnesses for testimony.

Prior to the presentation of testimony in this matter, Southern Bell produced a letter from Mr. Ernest on behalf of SL indicating that SL seeks no intraLATA authority in South Carolina and that SL will block all operator-handled calls within a LATA. SL acknowledged the letter and moved to amend its application to

conform to the representations contained in the letter. Southern Bell moved the admission of the letter as evidence, which motion was granted. Upon the granting of SL's Motion to amend its application to conform to the contents of the letter, Southern Bell withdrew its Petition to Intervene in this matter.

At the close of Mr. Ernest's testimony, the Consumer Advocate moved that SL be required to post rates for automated operator-assisted calls or position some mechanism that will provide this information to users of the service. SL indicted agreement to provide such information.

Based on the information contained in SL's Application, as well as the evidence of the whole record before the Commission, the Commission makes the following findings of fact and conclusions of law:

1. That SL is a non-facilities based reseller of telecommunications services that allows callers in hotels and motels and users of privately owned coin and non-coin operated pay telephones to make long-distance telephone calls and to bill the calls to a local exchange company's calling card.
2. That SL is registered to do business in South Carolina.
3. That SL has the financial resources to provide adequate telecommunications services to consumers in South Carolina.
4. That SL has entered into agreements with interexchange carriers which have been certificated by the Commission to provide the telecommunications services for which authority is herein sought.

5. That SL is capable of providing the telecommunications services as described in its amended Application and in the testimony of witness Ernest.

6. That SL should be required to furnish pay telephone owners with a sticker or information piece to be affixed to telephones by which its service may be accessed identifying the operator service as being provided by SL and indicating the rates charged for its service, and that SL should be required to provide materials to inform users in hotels and motels that operator services are provided by SL and how to obtain rate information upon request.

7. That the appropriate rate structure for SL includes a maximum rate level for each tariff charge, which should be required to be the current maximum rate for operator surcharge by AT&T Communications, and that the intrastate rates charged by SL should be required to be no higher than the intrastate rates charged by AT&T Communications at the time any particular call is made.

8. That SL's rates and charges should reflect a limit of \$1.00 on the COCOT surcharge portion of its tariff, if such is charged, which should, if charged, be paid to the private pay telephone provider.

9. That a rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. In RE: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in

Docket No. 84-10-C, on August 2, 1984.

10. That there is a need for resellers to adjust rates and charges timely to reflect the forces of economic competition; however, rate and tariff adjustments below the approved maximum level should not be accomplished without notice to the Commission and to the public. Therefore, to further the objectives expressed in Finding No. 7 herein, SL should be required to incorporate provisions for filing of proposed rate changes and publication of notice of such changes two (2) weeks prior to the effective date of such changes, and affidavits of publication should be required to be filed with the Commission.

11. That any proposed increase in the maximum rate level reflected in the tariffs of SL which would be applicable to the general body of subscribers would constitute a general ratemaking proceeding which should be treated in accordance with the notice and hearing provisions of S.C. Code Ann., §58-9-540 (Cum. Supp. 1989).

12. That SL is subject to any applicable access charges pursuant to Commission Order No. 86-584, in which the Commission determined that the reseller should be treated similarly to facility-based carriers for access charge purposes.

13. That SL is fit, willing and able to provide interLATA automated operator service, and that it is in the interest of the public to grant SL a Certificate of Public Convenience and Necessity subject to the findings herein, and, specifically, the finding that SL will charge intrastate rates no higher than the

intrastate rates charged by AT&T Communications at the time the call is made.

14. That SL should be required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports should be as per Attachment A hereof.

15. That SL should be required to block or switch to the local exchange carrier (LEC) all intraLATA calls which are attempted over its network; and, if SL accidentally or incidentally completes any intraLATA calls, it should be required to compensate the local exchange carrier consistent with the provisions of our Order No. 86-793 issued in Docket No. 86-187-C.

IT IS THEREFORE ORDERED:

1. That the Application, as amended, of SL Systems, Inc. for a Certificate of Public Convenience and Necessity be, and hereby is, approved.

2. That SL shall affix a sticker or information piece to pay telephones by which its service may be accessed identifying the operator service as being provided by SL and indicating rates charged for its service, and that SL shall implement Finding No. 6 herein with respect to telephones in hotels and motels.

3. That SL file tariffs reflecting its maximum rates in accordance with Finding No. 7 herein.

4. That SL's rates and charges reflect the limitation contained in Finding No. 8 herein.

5. That SL file tariffs and surveillance reports in

accordance with the Findings herein.

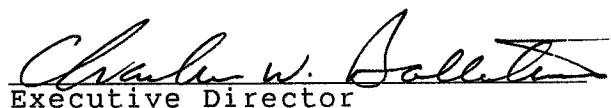
6. That SL shall block or switch intraLATA calls, and compensate local exchange carriers (LEC's) consistent with provisions of Commission Order No. 86-793, in accordance with Finding No. 15 herein.

7. That SL may commence operations beginning on the date of this Order.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).